

1 PUBLIC PROTECTION CABINET

2 KENTUCKY HORSE RACING COMMISSION

3 Amended Administrative Regulation

4 811 KAR 1:125. Pari-mutuel rules.

5 RELATES TO: KRS 230.210-230.375, 230.990

6 STATUTORY AUTHORITY: KRS 230.215, 230.240, 230.260, 230.280, 230.290, 230.300, 230.310,
7 230.320, 230.361, 230.370

8 NECESSITY, FUNCTION, AND CONFORMITY: KRS 230.215(2) grants the commission the authority
9 to regulate conditions under which standardbred racing and pari-mutuel wagering thereon shall
10 be conducted in Kentucky. KRS 230.361(1) requires the authority to promulgate administrative
11 regulations governing and regulating mutuel wagering on horse races under the pari-mutuel
12 system of wagering. This administrative regulation establishes the requirements for the operation
13 of pari-mutuel wagering under KRS Chapter 230 and 811 KAR, Chapter 1.

14 Section 1. Pari-mutuel system of wagering required. (1) The only wagering permitted on a
15 live or historical horse race shall be under the pari-mutuel system of wagering. All systems of
16 wagering other than pari-mutuel shall be prohibited. Any person participating or attempting to
17 participate in prohibited wagering shall be ejected and excluded from association grounds.

18 (2) Wagering conducted in conformity with KRS Chapter 230 and these administrative
19 regulations is pari-mutuel.

1 Section 2. Totalizator or other approved equipment required. (1) Pari-mutuel wagering
2 on live and historical horse races shall only be conducted through the use of a totalizator or
3 other similar mechanical equipment approved by the commission pursuant to KRS 230.361.
4 The commission shall not require any particular make of equipment.

5 (2) The totalizator or other mechanical equipment shall be available for testing under the
6 supervision of the commission upon request to ensure its proper working order.

7 Section 3. Wagering on an historical horse race authorized. (1) Wagering on an
8 historical horse race is hereby authorized and may be conducted in accordance with KRS
9 Chapter 230 and these administrative regulations.

10 (2) Wagering on an historical horse race shall only be conducted by (a) an association
11 licensed to conduct a live horse race meet or (b) two or more associations licensed to conduct a
12 live horse race meet who form a joint venture or otherwise pursuant to an agreement between
13 them.

14 (3) Wagering on an historical horse race shall only be permitted in a designated area on
15 the licensed premises of an association licensed to conduct a live horse race meeting. Wagering
16 on historical horse racing shall not be offered in any other location.

17 (4) An association may conduct wagering on historical horse races of any horse breed
18 regardless of the type of breed that primarily races in live meets conducted by the association.
19 An association may conduct wagering on historical races on any days and hours approved by
20 the commission, and shall not be limited to times during which the association is conducting a
21 live horse race meeting.

22 (5) Any wager placed on an historical horse race is an exotic wager.

1 (6) Before offering wagering on an historical horse race, an association shall first obtain
2 the commission's written approval of all wagers offered as set forth in 811 KAR 1:250.

3 (7) All wagering on an historical horse race shall incorporate the following elements:

4 (a) A patron may only wager on an historical horse race on a terminal approved by the
5 commission;

6 (b) An association shall at all times maintain at least two terminals offering each type of
7 exotic wager on an historical horse race;

8 (c) Once a patron deposits the wagered amount in the terminal offering wagering on an
9 historical horse race, an historical horse race shall be chosen at random;

10 (d) Prior to the patron making his or her wager selections, the terminal shall not display
11 any information that would allow the patron to identify the historical race on which he or she is
12 wagering, including the location of the race, the date on which the race was run, the names of
13 the horses in the race, or the names of the jockeys that rode the horses in the race;

14 (e) The terminal shall make available true and accurate past performance information
15 on the historical horse race to the patron prior to making his or her wager selections. The
16 information shall be current as of the day the historical horse race was actually run. The
17 information provided to the patron shall be displayed on the terminal in data or graphical form;
18 and

19 (f) After a patron finalizes his or her wager selections, the terminal shall display a video
20 replay of the race, or a portion thereof, and the official results of the race. The identity of the
21 race shall be revealed to the patron after the patron has placed his or her wager.

1 Section 4. Payouts only out of pari-mutuel pools: seed pools required. (1)(a) A wager on
2 an historical horse race, less deductions permitted by KRS Chapter 230 or these administrative
3 regulations, shall be placed in pari-mutuel pools approved by the commission.

4 (b) A payout to a winning patron shall be paid from money wagered by patrons and
5 shall not constitute a wager against the association.

6 (c) An association conducting wagering on an historical horse race shall not conduct
7 wagering in such a manner that patrons are wagering against the association, or in such a
8 manner that the amount retained by the association as a commission is dependent upon the
9 outcome of any particular race or the success of any particular wager.

10 (2) An association shall only pay a winning wager on an historical horse race out of the
11 applicable pari-mutuel pool and shall not pay a winning wager out of the association's funds. In
12 no event shall payment of a winning wager exceed the amount available in the applicable pari-
13 mutuel pool.

14 (3) An association offering wagering on an historical horse race shall operate seed pools
15 in a manner and method approved by the commission. For each wager made, an association
16 may assign a percentage of the wager to seed pools. The seed pools shall be maintained and
17 funded so that the amount available at any given time is sufficient to ensure that a patron will
18 be paid the minimum amount required on a winning wager.

19 (4) An association shall provide the funding for the initial seed pool for each type of
20 exotic wager. The funding for the initial seed pool shall be non-refundable and in an amount

1 sufficient to ensure that a patron will be paid the minimum amount required on a winning
2 wager.

3 Section 5. Location of terminals used for wagering on an historical horse race.

4 (1) Terminals offering wagering on historical horse races shall be located within
5 designated areas which have the prior written approval of the commission. Designated areas
6 shall be established in such a way as to control access by the general public and prevent entry
7 by any patron who is under eighteen (18) years of age or is otherwise not permitted to place
8 wagers on an historical horse race.

9 (2) Each association shall be responsible for monitoring persons entering and leaving
10 the designated areas and shall be responsible for preventing access to any patron who is under
11 eighteen (18) years of age or is otherwise not permitted to place wagers on historical horse
12 races.

13 (3) Each association shall provide terminals that are accessible to handicapped patrons.

14 Section 6. Records to be maintained. (1) Each association and each simulcast facility
15 authorized under KRS 230.380 shall maintain complete records of all pari-mutuel wagering
16 transactions on live and historical horse races, including the amounts wagered at each betting
17 window, self-service totalizator, mobile pari-mutuel teller, and terminal.

18 (2) A copy of the wagering records shall be retained and safeguarded for a period of not
19 less than two (2) years and shall not be destroyed without the prior written permission of the
20 commission.

21 Section 7. Equipment. (1) The association and the totalizator provider shall install a
22 primary and secondary device, which activate the stop betting function of the totalizator

1 system. The presiding judge, or his or her designee, shall use the primary device to stop
2 wagering at the start of the race. In the event that wagering is not stopped by the primary
3 device at the start of the race, the totalizator operator shall stop wagering using the secondary
4 device. The secondary device shall be installed in the totalizator room and shall only be used by
5 the totalizator operator.

6 (2) If there is a complete breakdown of the totalizator or mechanical equipment during
7 the wagering on a live horse race, the wagering on that race shall be declared closed. If the
8 totalizator remains capable of computing payouts, the payouts for that race shall be computed
9 based on the amounts wagered prior to the breakdown. If the totalizator is incapable of
10 computing payouts, then refunds shall be issued for all amounts wagered on that race.

11 (3) If there is a complete breakdown of a terminal offering wagering on an historical
12 horse race, the association offering the wager shall make a full refund of the patron's balance on
13 the terminal at the time of the breakdown.

14 Section 8. Entries in a live horse race. (1) The presiding judge shall timely advise an
15 association's pari-mutuel manager, prior to the beginning of wagering on each race, of the
16 horses that will compete in the race.

17 (2) If two (2) or more horses entered for the same live horse race are determined by the
18 commission to have common ties through ownership or training they may be joined by the
19 commission as a mutuel entry. The mutuel entry shall become a single betting interest and a
20 wager on one (1) horse in a mutuel entry shall be a wager on all horses in the same mutuel
21 entry. If the number of horses competing in a live horse race exceeds the numbering capacity of
22 the totalizator, the racing secretary shall assign the highest pari-mutuel numbers to horses so

1 that the highest numbered horse within the numbering capacity of the totalizator together with
2 horses of higher numbers, shall be grouped in the mutuel field as a single betting interest, and a
3 wager on one (1) horse in the mutuel field shall be a wager on all horses in the same mutuel
4 field.

5 (3) A refund at cost value shall be made to all holders of a purchased ticket bearing the
6 number of a horse in any race that has been scratched or withdrawn before the horse has
7 become a starter, unless the horse is part of a mutuel entry, and one (1) or more of the entry
8 starts.

9 Section 9. Sale of pari-mutuel tickets on live horse races. (1) The following types of pari-
10 mutuel wagering shall be permitted on a live horse race at all licensed associations and
11 simulcast facilities:

12 (a) Normal win, place, and show wagers on each race;

13 (b) Any exotic wager previously approved by the commission; and

14 (c) Any new exotic wager approved in writing by the commission.

15 (2) Pari-mutuel tickets on live horse races shall not be sold except by a licensed
16 association or a simulcast facility authorized by KRS 230.380.

17 (3) Pari-mutuel tickets on a live horse race shall only be sold at regular ticket windows,
18 self-service totalizator machines, by mobile pari-mutuel tellers with hand-held totalizator devices,
19 or by any other method approved in writing by the commission prior to being offered to the
20 public. At least one regular ticket window shall be made accessible to handicapped patrons.

1 (4)(a) Pari-mutuel stored value cards or cash vouchers may be offered by an
2 association. The dollar amount on the stored value card or cash voucher may be redeemed at
3 any time at any regular ticket window or used to fund additional wagers.

4 (b) Cash vouchers shall be valid for one (1) year after the date of issuance. Failure to
5 present any cash voucher for redemption within one (1) year of issuance shall constitute a waiver
6 of the right to receive payment thereon.

7 (5) No pari-mutuel wager shall be made on a race after the totalizator has been locked
8 for that race.

9 (6) Any claim by a patron that he or she has been issued a pari-mutuel ticket other than
10 that which was requested shall be made before the patron has left the ticket window or before
11 the mobile teller has initiated a transaction with another patron. No claims for incorrect tickets
12 will be honored after the totalizator has been locked.

13 Section 10: Payment on pari-mutuel tickets on live horse races. (1) At the end of each
14 race, the judges shall advise the manager of the pari-mutuel department by the use of the
15 totalizator equipment or by telephone of the official placement of the horses, and no payouts
16 shall be made until the receipt of the notice.

17 (2) Payment of valid pari-mutuel tickets shall be made on the basis of the order of finish as
18 declared "official" by the judges. A subsequent change in the order of finish or award of purse
19 money that may result from a subsequent ruling by the judges or commission shall not affect the
20 pari-mutuel payout.

1 (3) Each association shall deduct from each pari-mutuel pool a commission, not exceeding
2 the commission provided by KRS 230.750. The remainder of the pool after the deduction of the
3 commission shall be the net pool for distribution as payouts to ticket holders.

4 (4) Payment on valid pari-mutuel tickets shall be made only if presented and surrendered
5 within one (1) year following the running of the live horse race on which the wager was made.
6 Failure to present any such ticket within one (1) year shall constitute a waiver of the right to
7 receive payment thereon

8 (5) The association shall be responsible for the correctness of all payout prices posted as
9 "official." If an error is made in posting the payout figures, and ascertained before any tickets are
10 cashed thereon, the posting error shall be corrected, accompanied by a public address
11 announcement, and only the correct amounts shall be used in the payout, irrespective of the
12 initial error.

13 (6) A mutilated pari-mutuel ticket that is not easily identifiable as being a valid ticket
14 shall not be accepted for payment.

15 (7) An association shall establish a written procedure for granting patrons an
16 opportunity to file a claim on a lost pari-mutuel ticket and provide a copy to the commission.

17 (8) Prior to posting payouts, the association's pari-mutuel manager shall require the
18 verification of the winning runners and prices prior to posting official results.

19 (9)(a) If an error is made in calculating the payout on a winning wager, resulting in
20 overpayment, the association shall be responsible for the amount between the correct payout
21 and the amount paid.

1 **(b) If the error in calculation results in a payout being too low, the amount between the**
2 **correct payout and the amount paid shall be added to the net pool of the same position in the**
3 **following race on the same day or, if it is the last race of the day, then it shall be added to the**
4 **net pool of the same position in the same race on the following day. If an error occurs in**
5 **computing the daily double pool, the underpayment shall be added to the daily double pool of**
6 **the following day.**

7 **(c) If an error occurs causing underpayment on the last race of the entire racing**
8 **meeting, the amount of the underpayment shall be paid to the Kentucky Revenue Cabinet.**

9 **Section 11. Minimum wagers and payouts. (1) The minimum wager to be accepted by any**
10 **licensed association on a live horse race shall be ten cents (\$0.10). The minimum payout on a one**
11 **dollar (\$1) wager on a live horse race shall be one dollars and ten cents (\$1.10), unless a minus**
12 **pool occurs. If a minus pool occurs, the minimum payout for a one dollar (\$1) wager shall be one**
13 **dollar and five cents (\$1.05).**

14 **(2) The minimum wager to be accepted by any licensed association on an historical horse**
15 **race shall be ten cents (\$0.10). The minimum payout on any wager shall not be less than the**
16 **amount wagered.**

17 **Section 12. Minors prohibited from wagering. A minor shall not be permitted by any**
18 **licensed association or simulcast facility to purchase or cash a pari-mutuel ticket.**

19 **Section 13. Odds and payouts posted. (1) Approximate odds for live horse races, based on**
20 **win pool betting for finishing first for each betting interest, shall be posted on one (1) or more**
21 **boards or television screens within view of the wagering public at intervals of not more than**
22 **ninety (90) seconds.**

1 (2) If daily double wagering is conducted on a live horse race, before off-time of the
2 second daily double race, the probable payout for each two dollar (\$2) daily double wager
3 combining the winner of the first daily double race with every horse or betting interest in the
4 second daily double race shall be posted; except that if a dead heat for first in the first daily
5 double race occurs, or a scheduled starter in the second daily double race is excused so as to
6 cause a consolation daily double pool, then posting of all possible payouts shall not be
7 mandatory, but the association shall make every effort to compute such daily double prices and
8 advise the public by posting or public address announcement as soon as possible and prior to the
9 running of the second daily double race.

10 (3) For wagering on an historical horse race, approximate odds or payouts for each
11 wagering pool shall be posted on each terminal for viewing by patrons at intervals of no more
12 than ninety (90) seconds.

13 Section 14. Betting explanation. (1) Each association shall publish in the daily race
14 program, for each day of live horse racing, a general explanation of pari-mutuel wagering offered
15 on live horse races and an explanation of each type of betting pool offered. The explanation also
16 shall be posted in conspicuous places about the association grounds to adequately inform the
17 public and shall be submitted to the commission prior to publication for approval.

18 (2) Each association shall post, in conspicuous places in the designated area, a general
19 explanation of pari-mutuel wagering offered on historical horse races and an explanation of each
20 betting pool offered. The explanation shall be submitted to the commission for approval prior to
21 its posting.

1 Section 15. Prior approval required for number of live horse races. Each association
2 desiring to conduct more than nine (9) live horse races on a single day shall first apply in writing
3 to the commission and obtain specific approval of the number of live horse races to be offered on
4 a single day.

5 Section 16. Pools dependent upon entries for live horse races. (1) If horses representing
6 five (5) or fewer betting interests qualify to start in a live horse race, the association may prohibit
7 show wagering on that race. If horses representing four (4) or fewer betting interests qualify to
8 start in a live horse race, the association may prohibit both place and show wagering on that race.

9 (2) If a horse is scratched by the judges after wagering has commenced or a horse is
10 prevented from running in a live horse race because of failure of a starting-gate door to open
11 properly, and the number of actual starters representing different betting interests is:

12 (a) Reduced to five (5), the association may cancel show wagering on that race and the
13 entire show pool shall be refunded upon presentation and surrender of show tickets; or

14 (b) Reduced to four (4) or fewer, the association may cancel both place and show
15 wagering on that race and the entire place and show pool shall be refunded upon presentation
16 and surrender of place and show tickets.

17 Section 17. Emergency Situation. If any emergency arises in connection with the
18 operation of the pari-mutuel department not provided for by this administrative regulation, the
19 pari-mutuel manager shall take immediate corrective action and shall by the quickest means
20 possible notify the presiding judge and render a full report to the commission.

1 Section 18. Severability. In the event that any provision or administrative regulation of
2 this chapter is found to be invalid, the remaining provisions of this chapter shall not be affected
3 nor diminished thereby.

4 ~~[RELATES TO: KRS 230.210, 230.215, 230.260(1), (2), 230.361(1), (2), (3), 230.990~~

5 ~~STATUTORY AUTHORITY: KRS 230.260(3), (6), 230.361(1), (2)~~

6 ~~NECESSITY, FUNCTION, AND CONFORMITY: KRS 230.361(1) requires the commission to~~
7 ~~promulgate administrative regulations governing mutuel wagering under the pari-mutuel~~
8 ~~system of wagering. This administrative regulation establishes the requirement for pari-mutuel~~
9 ~~wagering at race meetings.~~

10 ~~Section 1. Equipment. (1) Licensees may use vending machines for the sale of pari-~~
11 ~~mutuel tickets.~~

12 ~~(2) The controls necessary to operate the odds board in the infield, relative to the way~~
13 ~~the horses finish, (if the finish is being contested, if there is a photo, dead heat, time, or race)~~
14 ~~shall be located in the judge's stand and controlled only by the presiding judge, or one associate~~
15 ~~judge designated to do so.~~

16 ~~Section 2. Sale of Pari-mutuel Tickets. (1) Only one (1) method of selling pari-mutuel~~
17 ~~tickets shall be used for the sale of tickets on individual races during any racing day.~~

18 ~~(2) Unless prior commission approval has been obtained, pari-mutuel tickets shall not be~~
19 ~~sold except through regular ticket windows.~~

20 ~~(3) Book making or betting other than pari-mutuel betting shall be strictly prohibited.~~

21 ~~(4) A minor shall not be allowed to bet and a mutuel employee shall not sell or pay a~~
22 ~~wager to a minor.~~

1 ~~—— (5) All wagering shall stop as soon as the word "go" shall be given by record or by voice~~
2 ~~of the starter. Vending machines for the sale of pari-mutuel tickets shall be electrically locked~~
3 ~~by the presiding judge from the judge's stand.~~

4 ~~—— (6) When the sale of pari-mutuel tickets has closed, it shall remain closed until after the~~
5 ~~race has finished and has been declared official, unless an objection imposes a delay. If an~~
6 ~~objection imposes a delay, the sale of pari-mutuel tickets for the next succeeding race may be~~
7 ~~begun without waiting for the race to be declared official.~~

8 ~~—— (7) The method of selling pari-mutuel tickets shall be approved by the commission.~~

9 ~~—— (8) The manager of the pari-mutuel department shall be properly and timely advised by~~
10 ~~the presiding judge, prior to the beginning of wagering on each race, of the horses that will~~
11 ~~compete in the race.~~

12 ~~—— (9) If less than five (5) interests qualify horses to start in a race, the manager of the pari-~~
13 ~~mutuel department may prohibit show wagering on that race.~~

14 ~~—— (10) If less than four (4) interests qualify horses to start in a race, the manager may~~
15 ~~prohibit both place and show wagering on that race.~~

16 ~~—— (11) If less than three (3) interests qualify horses to start in a race, the manager may~~
17 ~~prohibit wagering on that race.~~

18 ~~—— (12) The manager may prohibit win, place, or show wagering on any particular horse or~~
19 ~~entry in any race. The exclusions shall be clearly indicated on the program or score card or~~
20 ~~announced and horses excluded shall be numbered to indicate that they are not coupled in the~~
21 ~~field. Horses once excluded from the betting shall remain excluded during the day or race in~~
22 ~~which they are scheduled to start.~~

1 ~~———— (13) If more horses representing separate interests are started in a race than the~~
2 ~~number of post positions on the infield tote board, all horses in excess of a number of interests~~
3 ~~one (1) less than the total number of post positions on the infield tote board shall be grouped in~~
4 ~~the betting as the field.~~

5 ~~———— (14) A refund at cost value shall be made to all holders of a purchased ticket bearing the~~
6 ~~number of a horse in any race which has been scratched or withdrawn before the horse has~~
7 ~~become a starter in the race under the rules, unless the horse is part of an entry, and one (1) or~~
8 ~~more of the entry starts.~~

9 ~~———— Section 3. Payments. (1) Payments due on all wagers shall be made in conformity with~~
10 ~~the well established practice of the pari-mutuel system. The practice shall work in dollars and~~
11 ~~not in the number of tickets. Money wagering on winning tickets shall be returned in full plus~~
12 ~~the profits. For a winning mutuel pool, each licensee shall redistribute not less than one (1)~~
13 ~~dollar and ten (10) ten cents on each one (1) dollar wagered. If there is a minus pool, the~~
14 ~~minimum payoff of each one (1) dollar wagered shall be one (1) dollar and five (5) cents.~~

15 ~~———— (2) At the end of each race, the judges shall advise the manager of the pari-mutuel~~
16 ~~department by the use of the tote equipment or by telephone of the official placement of the~~
17 ~~horses, and no payoffs shall be made until the receipt of the notice.~~

18 ~~———— (3) If a horse wins and there is no money wagered on him to win, the win pool shall be~~
19 ~~apportioned among the holders of the place tickets on that horse, if any, otherwise among~~
20 ~~holders of the show tickets.~~

1 ~~—— (4) If no money has been wagered to place on a horse which is placed first or second in a~~
2 ~~race, the place pool for that race shall be apportioned among the holders of the place tickets on~~
3 ~~the other horse which was placed first or second.~~

4 ~~—— (5) If no money has been wagered to show on a horse which has placed first, second, or~~
5 ~~third in a race, the show pool in that race shall be apportioned among the holders of show~~
6 ~~tickets on the other horses which are placed first, second, or third in that race.~~

7 ~~—— (6) If only two (2) horses finish in any one (1) race, the show pool shall be figured the~~
8 ~~same as the place pool and monies shall be apportioned to the holders of show tickets on the~~
9 ~~two (2) finishing horses. If only one (1) horse finishes in any one (1) race, all three (3) pools shall~~
10 ~~be figured separately as straight pools and all the monies shall be awarded to the ticket holders~~
11 ~~of the finishing horse. If no horse finishes the race, then the entire pool shall be refunded to all~~
12 ~~ticket holders.~~

13 ~~—— (7) If two (2) horses finish in a dead heat for first place, the money in the win mutuel~~
14 ~~pool shall be divided between the two (2) dead heaters according to their proportionate shares~~
15 ~~in the pool.~~

16 ~~—— (8) If two (2) horses finish in a dead heat for second place, the division shall be made as~~
17 ~~follows: There shall be allotted to the pool of the winner of the race one half (1/2) of the place~~
18 ~~pool and the two (2) dead heaters one half (1/2) each of the remaining half of the place pool.~~

19 ~~—— (9) If two (2) horses coupled in the betting as an entry or the field finish first and second,~~
20 ~~first and third, or second and third, two thirds (2/3) of the net show pool shall be allotted to the~~
21 ~~pool of the entry and the balance one third (1/3) to the other horse.~~

1 ~~—— (10) If one (1) horse of the entry or the field finishes first or second and the other part of~~
2 ~~the entry or field finishes in a dead heat for third with another horse, the division of the net~~
3 ~~show pool shall be as follows: one-half (1/2) of the net show pool shall be allotted to the pool~~
4 ~~of the entry, one-third (1/3) to the nonentry horse not involved in the dead heat, and one-sixth~~
5 ~~(1/6) to the nonentry horse finishing in the dead heat.~~

6 ~~—— (11) If the entry or field horses finish first, second, and third, the entire money in each~~
7 ~~pool shall go to the entry or field tickets, and no other tickets shall participate.~~

8 ~~—— (12) A mutilated pari-mutuel ticket that is not easily identifiable as being a valid ticket~~
9 ~~shall not be accepted for payment.~~

10 ~~—— (13) Claims for lost pari-mutuel tickets shall not be considered.~~

11 ~~—— (14) If an error is made in calculation resulting in a price being too high, the association~~
12 ~~shall lose the amount between the proper price and the one paid. If the error in calculation~~
13 ~~results in a price being too low, the amount between proper price and price paid shall be added~~
14 ~~to the net pool of the same position in the following race on the same day or if it is the last race~~
15 ~~of the day then it shall be added to the net pool of the same position in the same race on the~~
16 ~~following day. If an error occurs causing underpayment on the last race of the entire racing~~
17 ~~meeting, the underpayment shall be paid to the Kentucky Revenue Cabinet.~~

18 ~~—— Section 4. Daily Doubles. (1) There shall not be an exchange of daily double tickets after~~
19 ~~the purchaser has left the sales window.~~

20 ~~—— (2) The daily double shall not be a parlay, and shall not have a connection with or~~
21 ~~relation to any other pari-mutuel pool conducted by the association, nor to any win, place, or~~
22 ~~show pool shown on the totalisator board. All tickets on the daily double shall be calculated in an~~

entirely separate pool. Without prior commission approval, only one (1) daily double shall be permitted during any single program.

~~(3) All tickets shall be to win (straight) only. Entries and the field shall run as one (1) horse in the daily double. If two (2) or more horses in a race are coupled on the same totalizator ticket, there shall not be refunds, unless all of the horses so coupled are excused before off time.~~

~~(4) Selections shall be made of one (1) horse for each of the two (2) races in the daily double by tote program numbers.~~

~~(5) If no ticket is sold combining the two (2) winners of the daily double, the pool shall then be apportioned equally between those having tickets including the winner in the first race of the daily double and those having tickets including the winner in the second race of the daily double in the same manner in which a place pool is calculated and distributed.~~

~~(6) If no ticket is sold on the winner of the first race of the daily double on any combination, the entire pool shall be apportioned to the holders of tickets on the winner of the second race of the daily double. If no ticket is sold on the winner of the second race of the daily double or any combination, the entire pool shall be apportioned to the holders of tickets on the winner of the first race of the daily double.~~

~~(7) If a dead heat to win results in either the first or second race of the daily double, the total pool shall be calculated as a place pool. If there is a dead heat for the winner of the first race of the daily double, the posting of payoff prices shall be made after the winner of the second race of the daily double is official.~~

1 ~~—— (8) If no ticket is sold containing the numbers of either winner on any combination, the~~
2 ~~pool shall be allotted to those having tickets on horses finishing next to the winners.~~

3 ~~—— (9) If any horse or horses in the first half of the daily double are excused by the judges~~
4 ~~after the horses have left the paddock for the post, or after the betting on the daily double has~~
5 ~~been closed, or if any horse or horses in the first half of the daily double are prevented from~~
6 ~~racing because of failure of the arm or arms of the starting gate to open, the money wagered~~
7 ~~on any horse or horses excused or prevented from racing shall be deducted from the daily~~
8 ~~double pool and refunded to the purchaser or purchasers of tickets on the horse or horses~~
9 ~~excused or prevented from racing.~~

10 ~~—— (10) If a horse is scratched from the second half of the daily double before it becomes a~~
11 ~~starter in the second half, but after the first half of the daily double has been run, all daily~~
12 ~~double tickets combining the scratched horse in the second race of the daily double with the~~
13 ~~actual winner of the first race of the daily double shall be paid a price equivalent to that~~
14 ~~fraction of the net pool derived by dividing the net pool by the total purchase price of all tickets~~
15 ~~combining the winner of the first race of the daily double with all horses in the second race of~~
16 ~~the daily double. The total payoff on all tickets combining the winner of the first race of the~~
17 ~~daily double with the scratched horse in the second race of the daily double as determined by~~
18 ~~the method set forth in this rule shall be deducted from the net daily double pool.~~

19 ~~—— (11) The possible payoff prices shall be posted or announced to the public before the~~
20 ~~start of the last race of the daily double, and as soon as possible after the horses in the race of~~
21 ~~the last half of the daily double have entered upon the track on the way to the post.~~

1 ~~—— (12) If for any reason the second race of the daily double is cancelled or declared "no~~
2 ~~race" by the judges after the first daily double race is declared official, then the net daily double~~
3 ~~pool shall be distributed to wagering combinations which include the horse or betting interest~~
4 ~~which finished first in the first daily double race.~~

5 ~~—— (13) If a daily double is scheduled to be held, subsections (1) to (12) of this section shall~~
6 ~~be printed in conspicuous places in the grandstand area and an abbreviated version shall be~~
7 ~~printed on the day's racing program, and a notice shall be printed on the program as follows:~~
8 ~~"Retain Your Tickets Until The Result of the Daily Double Has Been Posted."~~

9 ~~—— Section 5. Perfecta Wagering. (1) The perfecta shall be a contract by the purchaser of a~~
10 ~~ticket combining two (2) horses in a single race, selecting the two (2) horses that will~~
11 ~~subsequently finish first and second in that race. Payment of the ticket shall be made only to~~
12 ~~the purchaser who has selected the same order of finish as officially posted.~~

13 ~~—— (2) The perfecta shall not be a parlay and shall not have a connection with or relation to~~
14 ~~the win, place, or show betting and shall be calculated as an entirely separate pool.~~

15 ~~—— (3) If no ticket is sold on the winning combination of a perfecta pool, the net pool shall~~
16 ~~be distributed equally between holders of tickets selecting the winning horse to finish first. If no~~
17 ~~ticket is sold on the winning combination of a perfecta pool or tickets selecting the winning~~
18 ~~horse to finish first, the net pool shall be distributed equally between holders of tickets~~
19 ~~selecting the second place horse to finish second.~~

20 ~~—— (4) If no ticket is sold that would require distribution of a perfecta pool to a winner~~
21 ~~pursuant to subsection (3) of this section, the association shall make a complete and full refund~~
22 ~~of the perfecta pool.~~

1 ~~—— (5) If there is a dead heat between two (2) horses for first place, the net perfecta pool~~
2 ~~shall be calculated and distributed as a place pool to holders of tickets of the winning~~
3 ~~combinations. If there is a dead heat between two (2) horses for second place, the perfecta~~
4 ~~pool shall be figured as a place pool, and the holders of tickets combining the winning horse~~
5 ~~and the two (2) horses finishing second shall participate in the payoff.~~

6 ~~—— (6) If there is a dead heat for second place, and if no ticket is sold on one (1) of the two~~
7 ~~(2) winning combinations, the entire net pool shall be calculated as a win pool and distributed~~
8 ~~to those holding tickets on the other winning combination. If no tickets combine the winning~~
9 ~~horse with either of the place horses in the dead heat, the perfecta pool shall be calculated and~~
10 ~~distributed as a place pool to holders of tickets representing any interest in the net pool.~~

11 ~~—— (7) If two (2) or three (3) horses coupled in an entry or the mutuel field finish first and~~
12 ~~second or first, second, and third, the winning combination shall be the coupled horses and the~~
13 ~~horse placed immediately behind such entry or field.~~

14 ~~—— Section 6. Quinella Wagering. (1) The quinella shall be a form of a pari-mutuel wagering~~
15 ~~consisting of selecting the first two (2) horses to finish, irrespective of their place of finish.~~

16 ~~—— (2) The quinella shall not be a parlay and shall not have a connection with or relations to~~
17 ~~the win, place, or show betting and shall be calculated as an entirely separate pool.~~

18 ~~—— (3) If there is a dead heat between two (2) horses for first place, the combination shall~~
19 ~~be the winner of the quinella pool. If there is a dead heat between two (2) horses for second~~
20 ~~place, the quinella pool shall be figured as a place pool, and the holders of tickets combining~~
21 ~~the winning horse and the two (2) horses finishing second shall participate in the payoff.~~

1 ~~—— (4) If there is a dead heat for second place, and if no ticket is sold on one (1) of the~~
2 ~~winning combinations, the entire net pool shall be calculated as a win pool and distributed to~~
3 ~~those holding tickets on the other winning combination. If no tickets combine the winning~~
4 ~~horse with either of the place horses in the dead heat, the net pool shall be calculated and~~
5 ~~distributed as a place pool to holders of tickets combining either of the place horses; except, if~~
6 ~~any tickets combine both horses in the dead heat for place, the net pool shall be calculated and~~
7 ~~distributed as a win pool to holders of such tickets.~~

8 ~~—— (5) If no ticket is sold on the winning combination of a quinella pool, the net pool shall~~
9 ~~then be apportioned equally between those having tickets including the horse finishing first and~~
10 ~~those having tickets including the horse finishing second in the same manner in which a place~~
11 ~~pool is calculated and distributed.~~

12 ~~—— (6) If no ticket is sold that would require distribution of a quinella pool to a winner as~~
13 ~~defined in this section, the association shall make a complete and full refund of the quinella~~
14 ~~pool.~~

15 ~~—— (7) If a perfecta or quinella is scheduled to be held, each association shall print an~~
16 ~~abbreviated version of the rules established by this section on the day's racing program.~~

17 ~~—— (8) If two (2) or three (3) horses coupled in an entry or the mutuel field finish first and~~
18 ~~second, or first, second, and third, the winning combination shall be the coupled horses and the~~
19 ~~horse placed immediately behind such entry or field.~~

20 ~~—— Section 7. Double Perfecta Wagering. (1) The double perfecta shall be a form of pari-~~
21 ~~mutuel wagering in which the bettor selects the two (2) horses that will finish first and second~~
22 ~~in each of two (2) consecutive races in the exact order as officially posted.~~

1 ~~—— (2) Double perfecta tickets shall be sold only at double perfecta windows and only from~~
2 ~~automatic double issue machines.~~

3 ~~—— (3) Each bettor purchasing double perfecta tickets shall designate his two (2) selections~~
4 ~~as the first two (2) horses to finish in that order in the first of two (2) consecutive races.~~

5 ~~—— (4) After the official declaration of the first two (2) horses to finish in the first race of the~~
6 ~~double perfecta, each bettor holding a ticket combining the first two (2) horses in the exact~~
7 ~~order of finish shall, prior to the running of the second double perfecta race, exchange the~~
8 ~~ticket at the double perfecta window and shall select the two (2) horses to finish in the second~~
9 ~~race of the double perfecta in the exact order as officially posted. Further money shall not be~~
10 ~~required of the holder of the ticket to make the exchange.~~

11 ~~—— (5) A double perfecta exchange ticket upon the second race shall not be issued except~~
12 ~~upon the exchange of the double perfecta ticket from the first race pursuant to subsection (4)~~
13 ~~of this section. The double perfecta pool obtained from the sales of double perfecta tickets~~
14 ~~upon the first race shall be held and divided among the winning tickets of the double perfecta~~
15 ~~exchange tickets, subject to the rules established by this section. Double perfecta windows shall~~
16 ~~be open to make the exchange only after the first race has been declared official.~~

17 ~~—— (6) If a winning double perfecta ticket from the first race is not presented for exchange~~
18 ~~within the time provided, the bettor shall forfeit all rights to any distribution or refund unless~~
19 ~~the second half of the double perfecta is cancelled or declared "no race".~~

20 ~~—— (7) If a horse is scratched in the first race of the double perfecta races, all double~~
21 ~~perfecta tickets on the scratched horse shall be refunded.~~

1 ~~—— (8) If a horse is scratched in the second race of the double perfecta, after the first race~~
2 ~~of the double perfecta has been declared official, all exchange tickets combining the scratched~~
3 ~~horse shall become consolation tickets and shall be paid a price per dollar denomination~~
4 ~~calculated as follows: the net double perfecta pool (gross pool less commission) shall be divided~~
5 ~~by the total purchase price of all tickets combining the winners of the first race of the double~~
6 ~~perfecta. The quotient thus obtained shall be the price to be paid to holders of exchange tickets~~
7 ~~combining the scratched horse in the second race of the double perfecta. The entire~~
8 ~~consolation pool (number of eligible tickets times the consolation price) shall be deducted from~~
9 ~~the net double perfecta pool.~~

10 ~~—— (9) If no double perfecta ticket is sold as a winning combination in the first race of the~~
11 ~~double perfecta, the double perfecta pool shall be divided among those having tickets including~~
12 ~~the horse finishing first and those having tickets including the horse finishing second and the~~
13 ~~distributions shall be calculated and made as a place pool. If that occurs, the double perfecta~~
14 ~~race shall end and the pool shall be closed for the day.~~

15 ~~—— (10) If no double perfecta exchange ticket is sold on the winning combination, the net~~
16 ~~pool shall then be apportioned equally between those having tickets including the horse~~
17 ~~finishing first and those having tickets including the horse finishing second in the same manner~~
18 ~~by which a place pool is calculated and distributed.~~

19 ~~—— (11) If a double perfecta exchange ticket combines only one (1) of the two (2) winners~~
20 ~~and no double perfecta exchange ticket combines the other winner, the entire pool shall be~~
21 ~~distributed as a straight pool to the holders of those tickets.~~

1 ~~—— (12) If no exchange ticket includes either the first or second horse of the second half of~~
2 ~~the double perfecta, the entire net pool shall be distributed as a straight pool to all holders of~~
3 ~~exchange tickets.~~

4 ~~—— (13) If there is a dead heat for place in the first race of the double perfecta races, all~~
5 ~~double perfecta tickets combining the first horse and either of the place horses shall be eligible~~
6 ~~for exchange for double perfecta exchange tickets.~~

7 ~~—— (14) If there is a dead heat for place in the second race of the double perfecta, the~~
8 ~~double perfecta pool shall be divided, calculated, and distributed as a place pool to the holders~~
9 ~~of double perfecta exchange tickets combining the first horse and either of the place horses. If~~
10 ~~there is a dead heat to place and there are no tickets sold on one (1) combination, then the~~
11 ~~other combination having the winning horses shall be declared the winner. If no exchange~~
12 ~~tickets combine the winning horse with either of the place horses in the dead heat, the double~~
13 ~~perfecta pool shall be calculated and distributed as a win pool to holders of tickets representing~~
14 ~~any interest in the net pool.~~

15 ~~—— (15) If for any reason the second of the double perfecta races is cancelled or declared~~
16 ~~"no race", the pool shall be calculated as a straight pool and shall be distributed among the~~
17 ~~holders of the tickets combining the first two (2) horses of the first race of the double perfecta~~
18 ~~otherwise eligible for double perfecta exchange tickets and also distributed to holders of the~~
19 ~~double perfecta exchange tickets.~~

20 ~~—— (16) If there is a dead heat for the winning horse in either of the two (2) consecutive~~
21 ~~races for the double perfecta, the calculation of the distribution of the double perfecta pool~~

1 shall be made in the manner in which any ordinary perfecta pool would be made if there was a
2 dead heat for the win despite the number of horses involved in the dead heat.

3 ~~—— (17) The purchase of double perfecta tickets other than through pari-mutuel machines~~
4 ~~and the sale of double perfecta tickets from one (1) individual to another shall be deemed~~
5 ~~illegal and shall be prohibited.~~

6 ~~—— Section 8, Big Q Rules. (1) Each operator wishing to conduct Big Q wagering shall first~~
7 ~~petition the commission for permission to do so.~~

8 ~~—— (2) Each operator shall either print in the daily program or prominently post at all areas~~
9 ~~where Big Q wagering is conducted the complete rules for Big Q wagering as established by this~~
10 ~~section.~~

11 ~~—— (a) The Big Q shall consist of selecting the quinella (the first two (2) horses to finish) of~~
12 ~~each of two (2) consecutive races. Pari-mutuel wagering tickets shall be sold upon the first race~~
13 ~~of the (2) races only. The division of the pool shall be calculated as in a straight pool, except as~~
14 ~~provided by this section.~~

15 ~~—— (b) Entries or field horses shall not be allowed to start in any race comprising the Big Q.~~

16 ~~—— (c) Tickets shall be sold only at Big Q windows and only from automatic double-issuing~~
17 ~~machines.~~

18 ~~—— (d) Each bettor purchasing tickets shall designate his two (2) selections as the first two~~
19 ~~(2) horses to finish in the first race of the two (2) races.~~

20 ~~—— (e) After the official declaration of the first two (2) horses to finish the first of the Big Q~~
21 ~~races, each bettor holding a ticket combining the two (2) horses to finish shall, prior to the~~
22 ~~running of the second race, exchange the winning ticket for a Big Q exchange ticket at the Big Q~~

1 ~~windows and shall select the first two (2) horses to finish in the second race of the Big Q.~~
2 ~~Further money shall not be required of the holder of the ticket to make the exchange.~~
3 ~~—— (f) A Big Q exchange ticket upon the second race shall not be issued except upon the~~
4 ~~surrender of the Big Q ticket from the first race pursuant to paragraph (f) of this subsection. The~~
5 ~~Big Q pool obtained from the sales of the Big Q tickets upon the first race shall be held and~~
6 ~~divided among the winning tickets of the Big Q exchange tickets, pursuant to the rules~~
7 ~~established by this section. Big Q windows shall be open to make the exchange only after the~~
8 ~~first race has been declared official and the windows shall close at post time at the start of the~~
9 ~~second race of the Big Q races.~~
10 ~~—— (g) If a winning Big Q ticket from the first race is not presented for exchange within the~~
11 ~~time provided, the bettor shall forfeit all rights to any distribution or refund unless the second~~
12 ~~half of the Big Q is cancelled or declared "no race", or if no exchange ticket includes either the~~
13 ~~first or second horse of the second half of the Big Q.~~
14 ~~—— (h) If a horse is scratched in the first race, all Big Q tickets on the scratched horse shall~~
15 ~~be refunded. If a horse is scratched in the second race, the holders of tickets on the scratched~~
16 ~~horse shall be entitled to exchange their tickets for another selection. If there is a late scratch,~~
17 ~~after the exchange windows have closed, all exchange tickets combining the scratched horse~~
18 ~~shall become consolation tickets and shall be paid a price per dollar denomination calculated as~~
19 ~~follows: The net Big Q pool (gross pool less commission) shall be divided by the total purchase~~
20 ~~price of all tickets combining the winnings of the first race of the Big Q. The quotient obtained~~
21 ~~shall be the price to be paid to holders of exchange tickets combining the scratched horse in the~~

1 ~~second race of the Big Q. The entire consolation pool (number of eligible tickets times the~~
2 ~~consolation price) plus the breakage shall be deducted from the net Big Q pool.~~

3 ~~—— (i) If no ticket is sold as a winning combination in the first race of the Big Q, the Big Q~~
4 ~~pool shall be divided among those having tickets including the horse finishing first or second~~
5 ~~and the distributions shall be calculated and made as a place pool. If that occurs, the Big Q race~~
6 ~~shall end and the pool shall be closed for the day.~~

7 ~~—— (j) If no Big Q exchange ticket is sold on the winning combination, the net pool shall be~~
8 ~~apportioned equally between those having tickets including the horse finishing second in the~~
9 ~~same manner in which a place pool is calculated and distributed.~~

10 ~~—— (k) If a Big Q exchange ticket combines only one (1) of the winners and no Big Q~~
11 ~~exchange ticket combines the other winner, the entire pool shall be distributed as a straight~~
12 ~~pool to the holders of those tickets.~~

13 ~~—— (l) If no exchange ticket includes either the first or second horse of the second half of~~
14 ~~the Big Q, the entire net pool shall be distributed as a straight pool to all holders of exchange~~
15 ~~tickets and winning combinations of the first half that have not been exchanged.~~

16 ~~—— (m) If there is a dead heat for place in the first race of the Big Q races, all Big Q tickets~~
17 ~~combining the first horse and either of the place horses shall be eligible for exchange for Big Q~~
18 ~~exchange tickets.~~

19 ~~—— (n) If there is a dead heat for place in the second race of the Big Q races, the pool shall~~
20 ~~be divided, calculated, and distributed as a place pool to the holders of Big Q exchange tickets~~
21 ~~combining the first horse and either of the place horses. If there is a dead heat to place and~~

1 ~~there are no tickets sold on one (1) combination, then the other combination having winning~~
2 ~~horses shall be declared the winner.~~

3 ~~—— (o) If no exchange tickets combine the winning horse with either of the place horses in~~
4 ~~the dead heat, the Big Q pool shall be calculated and distributed as a place pool to holders of~~
5 ~~tickets combining either of the place horses, except if any exchange tickets combine both~~
6 ~~horses in the dead heat for place, the Big Q pool shall be calculated and distributed as a place~~
7 ~~pool to holders of such tickets.~~

8 ~~—— (p) If for any reason the first race of the Big Q races is cancelled or declared "no race", a~~
9 ~~full and complete refund shall be made from the Big Q pool.~~

10 ~~—— (q) If for any reason, the second of the Big Q races is cancelled or declared "no race", the~~
11 ~~pool shall be calculated as a straight pool and shall be distributed among the holders of tickets~~
12 ~~combining the first two (2) horses of the first race of the Big Q otherwise eligible for Big Q~~
13 ~~exchange tickets and also distributed to holders of the Big Q exchange tickets.~~

14 ~~—— (r) If there is a dead heat for the winning horses in either of the two (2) consecutive~~
15 ~~racers for the Big Q, the calculation of the distribution of the Big Q pool shall be made in the~~
16 ~~manner in which any ordinary quinella pool would be made if there was a dead heat for the win~~
17 ~~despite the number of horses involved in the dead heat.~~

18 ~~—— (s) If an incorrect exchange ticket is issued during the second half of the Big Q pool, the~~
19 ~~incorrect exchange ticket shall be turned in to the state auditor prior to the running of the~~
20 ~~second half. The tickets shall be deducted from both exchange and individual combination~~
21 ~~totals. The ticket shall be voided and filed with the performance worksheets and a report,~~

including the seller's name and license number, shall be made to the commission of the complete incident.

~~Section 9. Trifecta Wagering. (1) The trifecta shall be a contract by the purchaser of a ticket combining three (3) horses in a single race, selecting the three (3) horses that will subsequently finish first, second, and third in that race. Payment of the ticket shall be made only to the purchaser who has selected the same order of finish as officially posted.~~

~~(2) The trifecta shall not be a parlay and shall have no connection with or relation to the win, place, and show betting and shall be calculated as an entirely separate pool.~~

~~(3) Trifecta tickets shall not be sold in less than one (1) dollar denominations.~~

~~(4) If no ticket is sold on the winning combination of a trifecta pool, the net pool shall be distributed to the holders of tickets selecting the win and place finishers in that order. If no ticket is sold combining the win and place finish, the net pool shall be distributed to the holders of tickets selecting the winner.~~

~~(5) If no ticket is sold that requires distribution of the net trifecta pool to a winner pursuant to subsection (4) of this section, the association shall make a full refund of the trifecta pool.~~

~~(6) If there is a dead heat or dead heats, all trifecta tickets selecting the correct order of finish, counting a horse in a dead heat as finishing in either position dead heated, shall be winning tickets. The payoff shall be calculated as a place pool.~~

~~(7) If there is a scratch in the trifecta, no exchanges shall be made. All tickets which include the scratched horse shall be eliminated from further participation in the trifecta pool and shall be refunded.~~

~~———— (8) Those horses constituting an entry of coupled horses or those horses coupled to constitute the field in a race comprising the trifecta shall race as a single wagering interest for the purpose of trifecta pari-mutuel pool calculations and payouts to the public.~~

~~———— (9) Trifecta tickets shall be sold only by the licensee through pari-mutuel machines programmed to print all selections on one (1) ticket. Resale of such tickets from one (1) individual to another shall be prohibited and shall be grounds for ejection.~~

~~———— (10) Each association shall print in heavy type in a conspicuous place in its printed program all the provisions of this section and post printed copies of this section about the track.~~

~~———— (11) For the purpose of trifecta wagering, the trifecta race shall be drawn to consist of six (6) separate wagering interests.~~

~~———— (12) Nothing in this section shall preclude the sale of combination trifecta tickets in the amount of six (6) dollars.~~

~~———— Section 10. Twin Trifecta. The twin trifecta shall be a form of pari-mutuel wagering. It shall not be a parlay and shall not have a connection with or relation to any other pari-mutuel pools made and conducted by an association. The twin trifecta shall not be connected with or related to any win, place, and show pools shown on the totalizator board, and it shall not be governed by any division rules pertaining to the distribution of any other pari-mutuel pools.~~

~~———— (1) In the twin trifecta, the bettor shall select the three (3) horses that will finish first, second, and third in each of the two (2) designated twin trifecta races in the exact order as officially posted.~~

~~———— (2) Twin trifecta tickets shall be sold and exchanged only from the association's ticket-issuing machines.~~

1 ~~—— (3) Twin trifecta wagers shall be made only in denominations of three (3) dollars.~~

2 ~~—— (4) Each bettor purchasing twin trifecta tickets shall designate three (3) selections as the~~
3 ~~first three (3) horses to finish in that order in the first race of the designated two (2) twin~~
4 ~~trifecta races.~~

5 ~~—— (5) After the wagering closes for the first half of the twin trifecta, the commissions shall~~
6 ~~be deducted from the pool pursuant to KRS 138.510. The remaining pool shall then be divided~~
7 ~~into two (2) separate pools of equal amounts.~~

8 ~~—— (6) The money in the first part of the divided pool shall be distributed to the holders of~~
9 ~~the twin trifecta tickets selecting the first three (3) horses, in order, on the first designated twin~~
10 ~~trifecta race, in accordance with this administrative regulation. The term "first part of divided~~
11 ~~pool" shall mean one-half (1/2) of the net distributive pool of the total money wagered in the~~
12 ~~twin trifecta on the current program only and, specifically excluded therefrom shall be any~~
13 ~~carry-over of any special cumulative second race twin trifecta pool from any previous program.~~

14 ~~—— (7) The second part of the divided pool shall be placed in a separate pool to be~~
15 ~~distributed to holders of second half twin trifecta tickets selecting the first three (3) horses, in~~
16 ~~order, on the second designated twin trifecta race, in accordance with this administrative~~
17 ~~regulation.~~

18 ~~—— (8) In the first half of the twin trifecta only, if there is a failure to select, in exact order,~~
19 ~~the first three (3) horses, payoffs and exchanges shall be made on twin trifecta tickets selecting~~
20 ~~in the following order of priority:~~

21 ~~—— (a) The first two (2) horses in exact order, if no such ticket is outstanding, then;~~

1 ~~—— (b) The first horse, and any ticket within the applicable above order of priority shall be~~
2 ~~deemed a winning ticket entitling the holder thereof to an exchange ticket, in addition to the~~
3 ~~usual payoff for first half winners; and~~

4 ~~—— (c) Failure to select winner to win, regardless of the selection of the exact order of the~~
5 ~~second or third horse shall cause a refund to all twin trifecta tickets.~~

6 ~~—— (9) After the official declaration of the first three (3) horses to finish in the first race of~~
7 ~~the twin trifecta, each bettor holding a winning ticket shall, prior to the running of the second~~
8 ~~twin trifecta race, exchange the winning ticket for both the monetary value established by the~~
9 ~~association's mutuel department and a twin trifecta exchange ticket and shall select the three~~
10 ~~(3) horses to finish in the second race of the twin trifecta in exact order as officially posted.~~
11 ~~Further money shall not be required of the holder of the winning ticket in order to make the~~
12 ~~exchange. Each association conducting the twin trifecta shall designate all windows to be used~~
13 ~~as exchange windows unless the first half payoff is \$900 or more in winnings (if such winnings~~
14 ~~are at least 300 times the amount of the single wager). If that occurs, valid exchange tickets~~
15 ~~shall be exchanged only at all windows designated IRS windows.~~

16 ~~—— (10) A twin trifecta exchange ticket upon the second race of the twin trifecta shall not~~
17 ~~be issued except upon surrender of the winning twin trifecta ticket from the first race of the~~
18 ~~twin trifecta pursuant to subsection (9) of this section. Windows for the purpose of cashing and~~
19 ~~exchanging twin trifecta tickets shall be open only after the first race of the twin trifecta has~~
20 ~~been declared official and windows shall close when wagering closes for the race designated as~~
21 ~~the second half of the twin trifecta. More than one (1) race shall not elapse between the race~~

1. designated the first half of the twin trifecta and the race designated as the second half of the
2 twin trifecta.

3. ~~—— (11) If a winning twin trifecta ticket from the first race is not presented for cashing and~~
4 ~~exchange with the time provided, the bettor may still collect the monetary value attached to~~
5 ~~the ticket but shall forfeit all rights to any distribution of the second race twin trifecta pool and~~
6 ~~the carry-over jackpot.~~

7. ~~—— (12) If a horse is scratched from the first race of the twin trifecta, all twin trifecta tickets~~
8 ~~on the scratched horse shall be refunded. If a horse is scratched from the second race of the~~
9 ~~twin trifecta, public address announcements shall be made and a reasonable time shall be given~~
10 ~~for exchange of tickets on the scratched horse.~~

11. ~~—— (13) If there is a dead heat in either the first or second half of the twin trifecta, all twin~~
12 ~~trifecta tickets selecting the correct order of finish counting a horse in a dead heat as finishing~~
13 ~~in any position dead heated shall be winning tickets. If there is a dead heat occurring in the first~~
14 ~~half, the payoff shall be calculated as a win pool. If there is a dead heat occurring in the second~~
15 ~~half, contrary to the usual pari-mutuel practice, the aggregate number of winning tickets shall~~
16 ~~be divided into the net pool and be paid the same payoff price.~~

17. ~~—— (14) If there is no twin trifecta ticket issued accurately selecting the officially declared~~
18 ~~first three (3) finishers of the second race, the pool, as divided earlier, shall be held for the next~~
19 ~~consecutive program and combined with that program's second race twin trifecta pool. This~~
20 ~~sum shall be termed the "carry-over jackpot". Distribution of the special cumulative second~~
21 ~~race twin trifecta pool shall be made only upon the accurate selection, in exact order, of the~~

1 first three (3) officially declared finishers of the second twin trifecta race except on the closing
2 program of the meeting pursuant to subsection (16) of this section.

3 ~~—— (15) If for any reason the second half of the twin trifecta is not declared "official", the~~
4 ~~winning ticket holders who have cashed their tickets on the first half and have received an~~
5 ~~exchange ticket shall be entitled to the remaining amount of the current program's divided~~
6 ~~pool.~~

7 ~~—— (16) On the closing program of the meeting, the current carry-over jackpot, if any, plus~~
8 ~~the second half pool for that program shall be combined and distributed in the following~~
9 ~~manner:~~

10 ~~—— (a) The total twin trifecta pool shall be distributed to the holders of twin trifecta~~
11 ~~exchange tickets showing the first three (3) horses to finish, in exact order.~~

12 ~~—— (b) If there are no twin trifecta exchange tickets showing the first three (3) horses, in the~~
13 ~~exact order, the payoff shall be made on twin trifecta exchange tickets selecting the first two (2)~~
14 ~~horses in exact order.~~

15 ~~—— (c) If there is no twin trifecta exchange ticket showing the first two (2) horses in exact~~
16 ~~order, the first horse, and any ticket within the applicable above order of priority shall be~~
17 ~~deemed a winning ticket entitling the holder to the total twin trifecta pool.~~

18 ~~—— (d) If there are no valid exchange ticket holders, the total twin trifecta pool shall be~~
19 ~~distributed to the holders of first half tickets selecting the first two (2) horses in the exact order.~~

20 ~~—— (e) If there are no first half twin trifecta tickets showing the first two (2) horses, the total~~
21 ~~twin trifecta pool shall be distributed to the holders of first half tickets selecting the horse of~~
22 ~~the first half of the twin trifecta.~~

~~_____ (f) If no ticket is sold that requires the distribution of the net pools as established by this subsection, the association shall equally distribute the total twin trifecta pool to all first half ticket holders.~~

~~_____ (17) Sales of twin trifecta tickets other than from the association's ticket issuing machines or from one (1) individual to another shall be deemed illegal. Exchange tickets shall not be transferable. Persons involved in the unauthorized transfer of exchange tickets shall be ejected.~~

~~_____ Section 11. Superfecta Wagering. (1) The superfecta shall be a contract by the purchaser of a ticket combining four (4) horses in a single race, selecting the four (4) horses that subsequently finish first, second, third, and fourth in that race.~~

~~_____ (2) Payment of the ticket shall be made only to the purchaser who has selected the same order of finish as officially posted.~~

~~_____ (3) The superfecta shall not be a parlay and shall not have a connection with or relation to the win, place, or show betting and shall be calculated as an entirely separate pool.~~

~~_____ (4) Superfecta tickets shall not be sold in less than one (1) dollar denominations.~~

~~_____ (5) If no ticket is sold on the winning combination of a superfecta pool, the net pool shall be distributed to the holders of tickets selecting the win, place, and show finishers in that order.~~

~~_____ (a) If no ticket is sold combining the win, place, and show finish, the net pool shall be distributed to the holders of tickets selecting the win, and place finishers in that order.~~

~~_____ (b) If no ticket is sold combining the win and place finish, the net pool shall be distributed to the holders of tickets selecting the winner.~~

1 ~~—— (6) If no ticket is sold that requires distribution of the net superfecta pool to a winner~~
2 ~~pursuant to subsection (5) of this section, the association shall make a full refund of the~~
3 ~~superfecta pool.~~

4 ~~—— (7) If there is a dead heat or dead heats, all superfecta tickets selecting the correct order~~
5 ~~of finish, counting a horse in a dead heat as finishing in either position dead heated, shall be~~
6 ~~winning tickets and the payoff shall be calculated as a place pool.~~

7 ~~—— (8) If there is a scratch in the superfecta, exchanges shall not be made. All tickets which~~
8 ~~include the scratched horse shall be eliminated from further participation in the superfecta~~
9 ~~pool and shall be refunded.~~

10 ~~—— (9) Those horses constituting an entry of coupled horses or those horses coupled to~~
11 ~~constitute the field in a race comprising the superfecta shall race as a single wagering interest~~
12 ~~for the purpose of superfecta pari-mutuel pool calculations and payouts to the public.~~

13 ~~—— (10) Superfecta tickets shall be sold only by the licensee through pari-mutuel machines~~
14 ~~programmed to print all sections on one (1) ticket. Resale of the tickets from one (1) individual~~
15 ~~to another shall be prohibited and shall be grounds for ejection.~~

16 ~~—— (11) Each association shall print in heavy type in a conspicuous place in its printed~~
17 ~~program all the provisions of this section and post-printed copies of this section about the track.~~

18 ~~—— (12) For the purposes of superfecta wagering, the superfecta race shall be drawn to~~
19 ~~consist of eight (8) separate wagering interests.~~

20 ~~—— (a) If a horse or horses are scratched from a superfecta race with the race now~~
21 ~~containing less than eight (8) separate wagering interests and wagering has not commenced,~~
22 ~~the superfecta pool shall be cancelled.~~

1. ~~_____ (b) If a horse or horses are scratched from a superfecta race and wagering has~~
2 ~~commenced, the superfecta pool shall remain until there are less than six (6) separate wagering~~
3 ~~interests.~~

4 ~~_____ (13) Nothing in this section shall preclude the sale of combination superfecta tickets in~~
5 ~~the amount of twenty four (24) dollars.~~

6 ~~_____ Section 12. Pick 3 Wagering. (1) The Pick 3 pari-mutuel pool is not a parlay and has no~~
7 ~~connection with or relation to any other pari-mutuel pool conducted by the association, nor to~~
8 ~~any win, place, or show pool shown on the totalizator board, nor to the administrative~~
9 ~~regulation governing the distribution of the other pools.~~

10 ~~_____ (2) A valid Pick 3 ticket shall be evidence of a binding contract between the holder of the~~
11 ~~ticket and the racing association, and the ticket shall constitute an acceptance of Pick 3~~
12 ~~provisions and administrative regulations.~~

13 ~~_____ (3) The Pick 3 pari-mutuel pool consists of amounts contributed for a selection for win~~
14 ~~only in three (3) consecutive races designated by the association with the approval of the~~
15 ~~Kentucky Racing Commission. Each person purchasing a Pick 3 ticket shall designate the~~
16 ~~winning horse in each of the three (3) races comprising the Pick 3.~~

17 ~~_____ (4) Those horses constituting an entry of coupled horses or those horses coupled to~~
18 ~~constitute the field in a race comprising the Pick 3 shall race as a single wagering interest for~~
19 ~~the purpose of the Pick 3 pari-mutuel pool calculations and pay-outs to the public. If any part of~~
20 ~~either entry or field racing as a single interest is a starter in a race, the entry or the field~~
21 ~~selection shall remain as the designated selection to win in that race for the Pick 3 calculation,~~
22 ~~and the selection shall not be deemed scratched.~~

1 ~~—— (5) The net amount in the pari-mutuel pool subject to distribution among winning ticket~~
2 ~~holders shall be distributed among the holders of tickets which correctly designate the winners~~
3 ~~in all three (3) races comprising the Pick 3.~~

4 ~~—— (6) If no ticket is sold combining the three (3) winners of the Pick 3, the net amount in~~
5 ~~the pari-mutuel pool shall be distributed among the holders of tickets which include the~~
6 ~~winners of at least two (2) of the three (3) races comprising the Pick 3.~~

7 ~~—— (7) If no ticket is sold combining at least two (2) winners of the Pick 3, the net amount in~~
8 ~~the pari-mutuel pool shall be distributed among the holders of tickets which include the winner~~
9 ~~of any one (1) race comprising the Pick 3.~~

10 ~~—— (8) If no ticket is sold that would require distribution of the Pick 3 pool to a winner~~
11 ~~pursuant to subsections (6) and (7) of this section, the association shall make a complete and~~
12 ~~full refund of the Pick 3 pool.~~

13 ~~—— (9) If for any reason one of the races comprising the Pick 3 is cancelled, the net amount~~
14 ~~of the pari-mutuel pool shall be distributed as provided above in subsections (6), (7), and (8) of~~
15 ~~this section.~~

16 ~~—— (10) If for any reason two (2) or more races comprising the Pick 3 are cancelled, a full~~
17 ~~and complete refund shall be made of the Pick 3 pool.~~

18 ~~—— (11) If a Pick 3 ticket designates a selection in any one (1) or more races comprising the~~
19 ~~Pick 3 and that selection is scratched, excused, or determined by the judges or stewards to be a~~
20 ~~nonstarter in a race, the actual favorite, as evidenced by the amounts wagered in the final win~~
21 ~~pool of the race, shall be substituted for the nonstarting selection for all purposes, including~~

pool calculations and payoffs. If the win pool total for two (2) or more favorites is identical, the substitute selection shall be the betting interest with the lowest program number.

~~———— (12) If there is a dead heat for win between two (2) or more horses in any Pick 3 race, all of the horses in the dead heat for win shall be considered as winning horses in the race for the purpose of calculating the pool.~~

~~———— (13) A pari-mutuel ticket for the Pick 3 shall not be sold, exchanged, or cancelled after the time of the closing of wagering in the first of the three (3) races comprising the Pick 3, except for refunds on Pick 3 tickets as required by this administrative regulation, and a person shall not disclose the number of tickets sold in the Pick 3 pool or the number of tickets selecting winners of Pick 3 races until the time that the judges or stewards have determined the last race comprising the Pick 3 to be official.~~

~~———— Section 13. Pick 4 Wagering. (1) The Pick 4 pari-mutuel pool is not a parlay and has no connection with or relation to any other pari-mutuel pool conducted by the association, nor to any win, place, or show pool shown on the totalizator board, nor to the rules governing the distribution of the other pools.~~

~~———— (2) A valid Pick 4 ticket shall be evidence of a binding contract between the holder of the ticket and the racing association, and the ticket shall constitute an acceptance of Pick 4 provisions and administrative regulations.~~

~~———— (3) The Pick 4 pari-mutuel pool consists of amounts contributed for a selection for win only in four (4) consecutive races designated by the association with the approval of the Kentucky Racing Commission. Each person purchasing a Pick 4 ticket shall designate the winning horse in each of the four (4) races comprising the Pick 4.~~

1 ~~—— (4) Those horse constituting an entry of coupled horses or those horses coupled to~~
2 ~~constitute the field in a race comprising the Pick-4 shall race as a single wagering interest for~~
3 ~~the purpose of the Pick-4 pari-mutuel pool calculations and pay-outs to the public. If any part of~~
4 ~~either entry or field racing as a single interest is a starter in a race, the entry or the field~~
5 ~~selection shall remain as the designated selection to win in that race for the Pick-4 calculation,~~
6 ~~and the selection shall not be deemed scratched.~~

7 ~~—— (5) The net amount in the pari-mutuel pool subject to distribution among winning ticket~~
8 ~~holders shall be distributed among the holders of tickets which correctly designate the winners~~
9 ~~in all four (4) races comprising the Pick-4.~~

10 ~~—— (6) If no ticket is sold combining the four (4) winners of the Pick-4, the net amount in the~~
11 ~~pari-mutuel pool shall be distributed among holders of tickets which include the winners of at~~
12 ~~least three (3) of the four (4) races comprising the Pick-4.~~

13 ~~—— (7) If no ticket is sold combining at least three (3) winners of the pick-4, the net amount~~
14 ~~in the pari-mutuel pool shall be distributed amount of the holders of tickets which include the~~
15 ~~winners of at least two (2) of the four (4) races comprising the Pick-4.~~

16 ~~—— (8) If no ticket is sold combining at least two (2) winners of the Pick-4, the net amount in~~
17 ~~the pari-mutuel pool shall be distributed among the holders of tickets which include the winner~~
18 ~~of any one (1) race comprising the Pick-4.~~

19 ~~—— (9) If no ticket is sold that would require distribution of the Pick-4 pool to a winner~~
20 ~~pursuant to subsections (6), (7), and (8) of this section, the association shall make a complete~~
21 ~~and full refund of the Pick-4 pool.~~

1 ~~—— (10) If for any reason one (1) of the races comprising the Pick 4 is cancelled, the net~~
2 ~~amount of the pari-mutuel pool shall be distributed as provided above in subsections (6), (7),~~
3 ~~(8), and (9) of this section.~~

4 ~~—— (11) If for any reason three (3) or more races comprising the Pick 4 are cancelled, a full~~
5 ~~and complete refund will be made of the Pick 4 pool.~~

6 ~~—— (12) If a Pick 4 ticket designates a selection in any one (1) or more races comprising the~~
7 ~~Pick 4 and that selection is scratched, excused, or determined by the judges or stewards to be a~~
8 ~~nonstarter in a race, the actual favorite, as evidenced by the amounts wagered in the final win~~
9 ~~pool of the race, shall be substituted for the nonstarting selection for all purposes, including~~
10 ~~pool calculations and payoffs. If the win pool total for two (2) or more favorites are identical,~~
11 ~~the substitute selection shall be the betting interest with the lowest program number.~~

12 ~~—— (13) If there is a dead heat for win between two (2) or more horses in any Pick 4 race, all~~
13 ~~of the horses in the dead heat for win shall be considered as winning horses in the race for the~~
14 ~~purpose of calculating the pool.~~

15 ~~—— (14) A pari-mutuel ticket for the Pick 4 shall not be sold, exchanged, or cancelled after~~
16 ~~the time of the closing of wagering in the first of the four (4) races comprising the Pick 4, except~~
17 ~~for refunds on Pick 4 tickets as required by this administrative regulation, and a person shall~~
18 ~~not disclose the number of tickets sold in the Pick 4 pool or the number of tickets selecting~~
19 ~~winners of Pick 4 races until the time when the judges or stewards have determined the last~~
20 ~~race comprising the Pick 4 to be official.~~

1 ~~Section 14. Pick 4 Wagering with Carryover. (1) The Pick 4 with a carryover abides by~~
2 ~~the same requirements as stated in Section 13 of this administrative regulation with the~~
3 ~~exception of how the payoff is calculated.~~

4 ~~(2) The net amount of the pari-mutuel pool subject to distribution among winning ticket~~
5 ~~holders shall be distributed among the holders of tickets which correctly designate the winners~~
6 ~~of all four (4) races comprising the Pick 4.~~

7 ~~(3) If no ticket is sold combining the four (4) winners of the Pick 4, then a designated~~
8 ~~percentage of the net pool shall be distributed as a single price pool to those who selected the~~
9 ~~first-place finisher in the greatest number of Pick 4 races.~~

10 ~~(4) The remainder of the net pool shall be added to the carryover. The carryover amount~~
11 ~~shall then be added to the Pick 4 pool the following race day.~~

12 ~~(5) If there is no ticket sold combining the four (4) winners of the Pick 4 and it is the final~~
13 ~~race of the meet, the entire net pool shall be distributed as a single price pool to those who~~
14 ~~selected the first-place finisher in the greatest number of races.~~

15 ~~Section 15. The following types of wagering shall be permitted at all tracks given racing~~
16 ~~dates by the commission:~~

17 ~~(1) Normal win, place, and show betting on each race;~~

18 ~~(2) A daily double on the first and second race; and~~

19 ~~(3) Any other methods of betting approved in advance by the commission.~~

20 ~~Section 16. Betting Interests Involving More than One (1) Horse. If two (2) or more~~
21 ~~horses entered for the same race are determined by the commission to have common ties~~
22 ~~through ownership and are joined by the commission as a mutuel entry, the mutuel entry shall~~

~~become a single betting interest and a wager on one (1) horse in a mutuel entry shall be a
wager on all horses in the same mutuel entry. If the number of horses competing in a race
exceeds the numbering capacity of the totalizator, the racing secretary shall assign the highest
pari-mutuel numbers to horses so that the highest-numbered horse within the numbering
capacity of the totalizator together with horses of higher numbers, shall be grouped in the
mutuel field as a single betting interest, and a wager on one (1) horse in the mutuel field shall
be a wager on all horses in the same mutuel field.~~

~~Section 17. Emergency Situation. If any emergency arises in connection with the
operation of the pari-mutuel department not provided for by this administrative regulation, the
pari-mutuel manager shall make an immediate decision and shall by the quickest means
possible notify the presiding judge and render a full report to the commission.~~

~~Section 18. Incorporation by Reference. (1) "Race-Track Pari-Mutuel and Admissions
Report, 73A100", 7/00 is incorporated by reference.~~

~~(2) This material may be inspected, copied, or obtained, subject to applicable copyright
law, at the Kentucky Racing Commission, 4063 Iron Works Pike, Building B, Lexington, Kentucky
40511, Monday through Friday, 8 a.m. to 4:30 p.m.] (KTC 1-8 (Rule 28); 1 Ky.R. 1118; eff. 6-11-
76; Am. 3 Ky.R. 402; eff. 12-1-76; 4 Ky.R. 240; eff. 2-1-78; 5 Ky.R. 709; eff. 5-2-79; 6 Ky.R. 309;
eff. 1-2-80; 439; eff. 4-1-80; 7 Ky.R. 503; eff. 1-6-81; 929; eff. 7-1-81; 8 Ky.R. 1168; eff. 6-2-82;
10 Ky.R. 174; eff. 8-3-83; 14 Ky.R. 1656; eff. 3-10-88; 28 Ky.R. 485; 885; 1139; eff. 10-12-2001;
2258; 2577; eff. 6-14-2002; 29 Ky.R. 2364; 2694; eff. 5-15-03.)~~

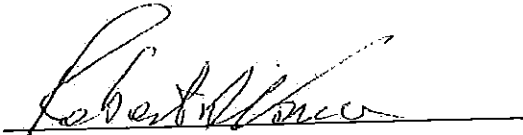
READ AND APPROVED:



Robert M. Beck, Jr., Chairman
Kentucky Horse Racing Commission

7-19-10

Date



Robert D. Vance, Secretary
Public Protection Cabinet

July 20, 2010

Date

PUBLIC HEARING AND PUBLIC COMMENT PERIOD: A public hearing on this administrative regulation shall be held on September 29, 2010 at 10:00 a.m., in the clubhouse of The Red Mile, 1200 Red Mile Rd., Lexington, Kentucky 40504-2652. Individuals interested in being heard at this hearing shall notify the Kentucky Horse Racing Commission in writing by September 22, 2010, five working days prior to the hearing, of their intent to attend. If no notification of intent to attend the hearing is received by that date, the hearing may be cancelled. This hearing is open to the public. Any person who wishes to be heard will be given an opportunity to comment on the proposed administrative regulation. A transcript of the public hearing will not be made unless a written request for a transcript is made. If you do not wish to be heard at the public hearing, you may submit written comments on the proposed administrative regulation. Written comments shall be accepted until September 30, 2010. Please send written notification of intent to be heard at the public hearing or written comments on the proposed administrative regulation to the contact person below.

CONTACT PERSON: Timothy A. West
Assistant General Counsel
Kentucky Horse Racing Commission
4063 Iron Works Parkway, Building B
Lexington, KY 40511
Phone: (859) 246-2040
FAX: (859) 246-2039

REGULATORY IMPACT ANALYSIS AND TIERING STATEMENT

Contact Person: Timothy A. West, Assistant General Counsel, Kentucky Horse Racing Commission
Phone (859) 246-2040

(I) Provide a brief summary of:

(a) What this administrative regulation does: *This regulation establishes the regulatory framework that applies to all pari-mutuel wagering on live and historical horse races in the Commonwealth. It authorizes pari-mutuel wagering on historical horse races and requires the use of seed pools for such wagers. It establishes where, and under what circumstances, pari-mutuel wagering on live and historical horse races may take place. It places requirements on how winning pari-mutuel wagers shall be paid. It requires associations to maintain records regarding all pari-mutuel wagering at their facilities and to make them available to the commission on request. It establishes guidelines for the equipment used by the association to offer pari-mutuel wagering and provides requirements for the sale of pari-mutuel tickets. It establishes minimum wagers and payouts for pari-mutuel wagers on live and historical horse races.*

(b) The necessity of this administrative regulation: *This regulation is necessary for the commission to regulate the integrity of pari-mutuel wagering in the Commonwealth.*

(c) How this administrative regulation conforms to the content of the authorizing statutes: *KRS 230.215(2) grants the commission the authority to regulate conditions under which standardbred racing and pari-mutuel wagering thereon shall be conducted in Kentucky. KRS 230.361(1) requires the commission to promulgate administrative regulations governing and regulating mutuel wagering on horse races under the pari-mutuel system of wagering. This regulation establishes the regulatory framework that applies to all pari-mutuel wagering on live and historical horse races in the Commonwealth.*

(d) How this administrative regulation currently assists or will assist in the effective administration of the statutes: *KRS 230.215(2) grants the commission the authority to regulate conditions under which standardbred racing and pari-mutuel wagering thereon shall be*

conducted in the Commonwealth. This regulation provides the specific rules for pari-mutuel wagering on live and historical horse races in the Commonwealth.

(2) If this is an amendment to an existing administrative regulation, provide a brief summary of:

(a) How the amendment will change this existing administrative regulation: *The existing regulation required updating to address certain innovations in pari-mutuel wagering. This amendment takes those innovations into account and incorporates them into the commission's regulatory framework. The amendment also addresses certain inconsistencies between the pari-mutuel regulations that govern thoroughbred, standardbred, and quarter horse/ appaloosa/arabian racing (810 KAR 1:011, 811 KAR 1:125, and 811 KAR 2:060 respectively). To the extent possible, the amendment brings uniformity to the rules governing pari-mutuel wagering for the various breeds.*

(b) The necessity of the amendment to this administrative regulation: *This amendment is necessary to address innovations in the way pari-mutuel wagering is offered and to bring uniformity among pari-mutuel wagering for thoroughbred, standardbred, and quarter horse/ appaloosa/arabian racing. The amendment is also necessary to establish guidelines governing pari-mutuel wagering on historical horse races.*

(c) How the amendment conforms to the content of the authorizing statutes: *KRS 230.215(2) grants the commission the authority to regulate conditions under which horse racing and pari-mutuel wagering thereon shall be conducted in the Commonwealth. KRS 230.361(1) requires the commission to promulgate administrative regulations governing and regulating mutuel wagering on horse races under the pari-mutuel system of wagering. This amendment sets forth the requirements that apply to all pari-mutuel wagering on live and historical horse races in the Commonwealth.*

(d) How the amendment will assist in the effective administration of the statutes: *KRS 230.215(2) grants the commission the authority to regulate conditions under which standardbred racing and pari-mutuel wagering thereon shall be conducted in the Commonwealth. This amendment provides the specific rules for pari-mutuel wagering on live and historical horse races in the Commonwealth.*

(3) List the type and number of individuals, businesses, organizations, or state and local governments affected by this administrative regulation: *This administrative regulation will affect the eight currently-licensed racing associations in the Commonwealth, any applicant for the final racing association license, the owners and trainers who participate in racing in the Commonwealth, the jockeys who ride in the Commonwealth, the patrons who place pari-mutuel wagers on live and historical horse races in the Commonwealth, and the commission.*

(4) Provide an analysis of how the entities identified in question (3) will be impacted by either the implementation of this administrative regulation, if new, or by the change, if it is an amendment, including:

(a) List the actions that each of the regulated entities identified in question (3) will have to take to comply with this administrative regulation or amendment: *The licensed racing associations will be required to follow the procedure outlined in the regulation to offer any exotic wager that has not been previously approved by the commission. If an association requests and is granted permission by the commission to offer pari-mutuel wagering on historical horse races, then the association will be required to conduct such pari-mutuel wagering in a designated area (as defined in 811 KAR 1:005). The associations that offer pari-mutuel wagering on historical horse races will also be required to enter into an agreement with the Kentucky Harness Horsemen's Association regarding the allocation of the takeout between the association and the horsemen and file a memorandum with the commission outlining the terms of the agreement.*

(b) In complying with this administrative regulation or amendment, how much will it cost each of the entities identified in question (3): *If an association requests and receives permission to offer pari-mutuel wagering on historical horse races, then the association will incur costs constructing or renovating a designated area (as defined in 811 KAR 1:005) to house the terminals. An association will also incur costs purchasing or leasing commission-approved terminals and hiring additional employees to staff the designated area and maintain the terminals. Any association offering pari-mutuel wagering on historical horse races will also be required to reimburse the commission pursuant to KRS 230.240 to cover the commission's increased regulatory costs relating to compensation of additional personnel and other expenses.*

The total increase in the commission's regulatory costs will be based upon the number of associations that offer pari-mutuel wagering on historical horse races and the number of terminals at each association. The increased costs will likely include the addition of new employees and equipment.

There will be no additional costs to owners, trainers, jockeys, or patrons placing pari-mutuel wagers.

(c) As a result of compliance, what benefits will accrue to the entities identified in question (3): The associations will be able to offer increased pari-mutuel wagering options to patrons and can expect an increase in on-track attendance and total pari-mutuel handle. The increased revenue can be used to maintain and improve racing association facilities and supplement purses for live races run at each association. The increased purses will help the associations to compete with racing associations in neighboring states that offer expanded gaming options.

The owners, trainers, and jockeys will benefit from increased purses, as well as any improvements to an association's facilities.

The patrons will benefit from any improvements to an association's facilities as well as from increased pari-mutuel wagering options.

(5) Provide an estimate of how much it will cost the administrative body to implement this administrative regulation:

(a) Initially: See answer to question 4(b).

(b) On a continuing basis: With respect to pari-mutuel wagering on historical horse races, the commission anticipates that the first year such wagering is offered will see the greatest increase in regulatory costs. Thereafter, the commission expects the continuing costs to be mainly for employee compensation and expenses and equipment maintenance. The commission will be reimbursed by the associations for additional employee compensation and other expenses pursuant to KRS 230.240.

(6) What is the source of the funding to be used for the implementation and enforcement of this administrative regulation: The commission will be reimbursed by the

associations for additional employee compensation and other expenses pursuant to KRS 230.240.

(7) Provide an assessment of whether an increase in fees or funding will be necessary to implement this administrative regulation, if new, or by the change if it is an amendment: *The associations that request and receive permission to offer pari-mutuel wagering on historical horse races will be required to reimburse the commission for the cost of compensation of additional employees and other expenses pursuant to KRS 230.240.*

(8) State whether or not this administrative regulation established any fees or directly or indirectly increased any fees: *The associations that request and receive permission to offer pari-mutuel wagering on historical horse races will be required to reimburse the commission for the cost of compensation of additional employees and expenses pursuant to KRS 230.240.*

(9) TIERING: Is tiering applied? (Explain why or why not) *Tiering is not applied. All aspects of this regulation will be applied equally to each association association.*

FISCAL NOTE ON STATE OR LOCAL GOVERNMENT

Regulation No. 811 KAR 1:125

Contact Person: Timothy A. West
(859) 246-2040

1. Does this administrative regulation relate to any program, service, or requirements of a state or local government (including cities, counties, fire departments, or school districts)?

Yes X No

If yes, complete questions 2-4.

2. What units, parts or divisions of state or local government (including cities, counties, fire departments, or school districts) will be impacted by this administrative regulation? *The Kentucky Horse Racing Commission and the Department of Revenue.*

3. Identify each state or federal statute or federal regulation that requires or authorizes the action taken by the administrative regulation. *KRS 230.215, 230.240, 230.260, 230.280, 230.290, 230.300, 230.310, 230.320, 230.361, 230.370.*

4. Estimate the effect of this administrative regulation on the expenditures and revenues of a state or local government agency (including cities, counties, fire departments, or school districts) for the first full year the administrative regulation is to be in effect. *The commission anticipates that its regulatory costs will increase based upon the associations offering pari-mutuel wagering on historical horse races. The increased costs will likely include the addition of new employees and equipment. The total increase will be based upon the number of associations that offer pari-mutuel wagering on historical horse races and the number of terminals at each association. The associations that offer pari-mutuel wagering on historical horse races will be required to reimburse the commission the costs associated with compensation of employees and other expenses pursuant to KRS 230.240. The Department of Revenue may have an increase in collection duties, but they are minimal and can be absorbed by the Department.*

(a) How much revenue will this administrative regulation generate for the state or local government (including cities, counties, fire departments, or school districts) for the first year? *The amount of tax revenue generated is dependent upon the number of terminals the associations install and operate. While that number is unknown at this time, it is estimated that annual tax revenue will be somewhat less than \$1,000 per terminal.*

(b) How much revenue will this administrative regulation generate for the state or local government (including cities, counties, fire departments, or school districts) for subsequent years? *Based upon the experience of Oaklawn Park, the commission anticipates that revenue will more than double from the first to the second year, and more than triple from the second to the third year.*

(c) How much will it cost to administer this program for the first year? *The increased regulatory costs of the commission will be based upon the number of associations that offer pari-mutuel wagering on historical horse races and the number of terminals installed at each association.*

(d) How much will it cost to administer this program for subsequent years? *In subsequent years, the commission anticipates the costs largely to come from employee compensation and expenses and equipment maintenance. The commission will be reimbursed for these costs by the associations.*

Note: If specific dollar estimates cannot be determined, provide a brief narrative to explain the fiscal impact of the administrative regulation.

Revenues (+/-):

Expenditures (+/-):

Other Explanation: